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U.S. NEWS & WORLD REPORT
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COVER STORY

U.S. raises the veil to combat spies, leakers, while trying to curb the media

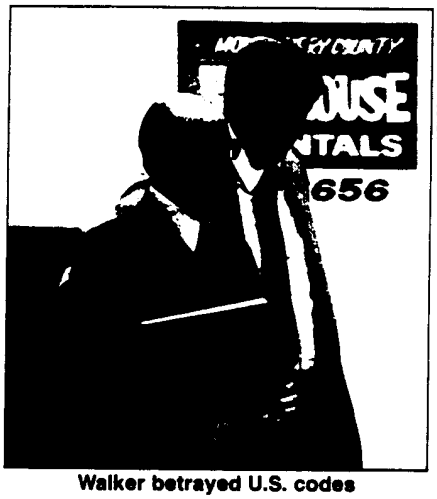
Going public to guard secrets

While William Casey retools the CIA, an unprecedented series of spy trials has revealed that the U.S. has lost a torrent of secrets to foreign powers.

Like tales from the most bizarre spy thriller, disclosures of greed, betrayal and deception are pouring from courtrooms. More than half a dozen accused spies have been arrested, and a manhunt is under way for another who escaped.

By Casey's estimate, the losses have been devastating to U.S. security. "Every method we have of obtaining intelligence—our agents, our relations with other intelligence services, our photographic, electronic and communications capabilities—have been severely damaged," he says. That may be hyperbole to mislead Moscow. But by any measure, the losses are substantial.

Two recent trials have revealed the disclosure of some of the nation's most



GARY L. KIEFFER—USN&WR

Walker betrayed U.S. codes

sensitive secrets to the Soviet Union. According to federal prosecutors, the Walker family spy ring for 16 years provided Moscow with precise details of U.S. military communications.

The Walker ring—including former Navy men John, the ringleader, his son Michael and brother Arthur—betrayed wholesale the secret encoding of U.S. Navy messages. Adm. James Watkins, chief of naval operations, says the cost of offsetting the compromise of technology will be $100 million.

In a second courtroom, the government successfully prosecuted Ronald Pelton, a former midlevel employe of the National Security Agency, for allegedly betraying to the Soviet Union that the U.S. has for years been intercepting coded secret Soviet military messages.

The CIA has been particularly concerned about Pelton, because one of the highest objectives in espionage is to crack an enemy's codes. With that accomplished, a country can learn another's plans. One of the most famous examples occurred during World War II when the U.S. broke the Japanese code. The breakthrough led to the destruction of four Japanese aircraft carriers and victory in the Battle of Midway. Similarly, the breaking of the German code aided the Allies' invasion of Normandy.

AGENCE FRANCE PRESSE

Yurchenko waved as he redefected to Moscow—and then disappeared

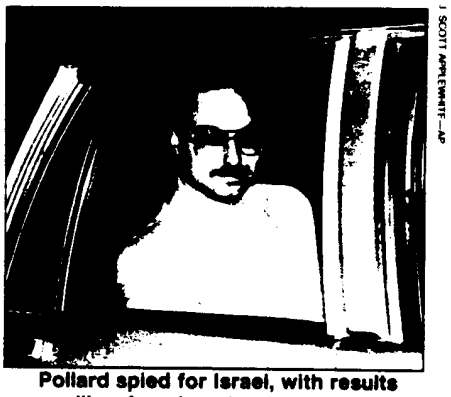
In retaliation for the ax

The CIA itself has not escaped the rash of betrayals. A manhunt is under way for Edward Howard, the first CIA agent publicly known to have sold out to the Soviets. After being fired by the agency in 1983, Howard blew the cover of a Soviet military expert spying for the U.S. and revealed the methods of the CIA's Moscow station. Ironically, Howard used CIA countersurveillance techniques to elude FBI agents guarding his home in Santa Fe, N.M., last September and is still at large.

The Soviets are not alone in harvesting U.S. secrets. China and Israel obtained classified documents from U.S. spies Larry Chin and Jonathan Pollard. Chin, an intelligence analyst who sold U.S. assessments to Peking for 30 years, committed suicide in jail. Pollard, who worked in Navy counterintelligence, pleaded guilty in early June to spying for Israel.

The CIA's own counterintelligence failures played at least a partial role in the drain of information. John Walker, Pelton and Howard all went to Vienna to meet with KGB handlers, but, says agency consultant Roy Godson, "We didn't catch them there. These penetrations could have been avoided by better counterintelligence." Soviet defector Vitaly Yurchenko, who later redefected to Moscow, exposed the treachery of Howard and Pelton to CIA interrogators.

Some intelligence analysts fear that disclosures stemming from public trials such as those of Walker and Pelton may do more harm than good. Better, they claim, to turn spies into double agents or triple agents. Says William Stevenson, author of *A Man Called Intrepid:* "The worst effect of these trials will be to discourage foreign nationals from cooperating with us."



SCOTT APPLEWHITE—AP

Pollard spied for Israel, with results roiling American-Israeli relations

The administration plainly hopes that by putting accused spies through public trials, and winning stiff punishments, it can deter other betrayals. But it also wants to safeguard information that is revealed in the trials.

Increasingly, the CIA's efforts to limit information at spy trials—along with growing administration concerns about leaks of classified information—have put the Reagan team, and especially Casey, on a collision course with the press. At times, that conflict has overshadowed the trials themselves.

Top-level officials at the CIA report that the agency's chief public-information officer, George Lauder, regularly tries to persuade journalists to withhold details considered too sensitive by the agency. On more than a half-dozen occasions, Casey personally has inter-

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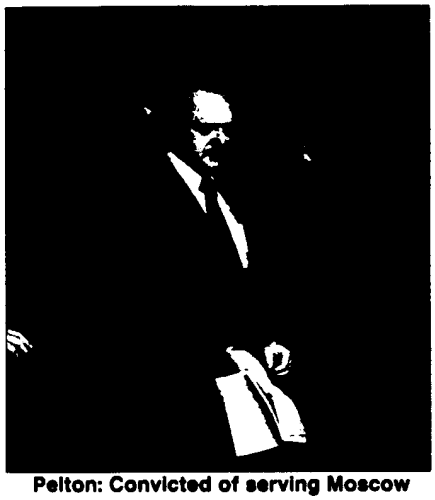
vened successfully, persuading news organizations not to print or broadcast stories he thought would damage national security.

Casey points out that he is obliged by law to protect "sources and methods" of intelligence gathering, and he has publicly said that journalists are showing more restraint.

Threats of prosecution

Casey has not always won, and lately he has become even more forceful in his campaign. The *Washington Post* and other news organizations have been told that the administration may prosecute if the leakage continues, and Casey has recommended prosecution of NBC.

Managing Editor Leonard Downie of the *Washington Post* believes Casey's crusade stems from growing concern in Congress over the CIA's covert actions. "I am a bit skeptical about Casey's threats against the press," Downie says. "He could have made his concerns known in a more cooperative way. We have withheld information many times as a result of national-security concerns." NBC News President Larry Grossman says the network had broadcast last November a report about Pelton similar to one that later drew Casey's objections: "Apparently, Casey didn't see that one. His threats do not sound carefully thought out."



CHARLIE ARCHAMBAULT FOR USNWR

Pelton: Convicted of serving Moscow

But even if the administration does deflect attention from the spy trials and covert operations, it still must contend with the underlying causes of both treachery and leaks: Greed, ego and the machinations of Washington infighting.

by Robert A. Manning with Charles Fenyvesi, Steven Emerson and Jonathan Rosenbloom

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